



MARION COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 99-55  
August 18, 1999

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Marion, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Marion County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- < Several prior recommendations had not been implemented and weaknesses were again noted with the accounting controls and procedures of the Circuit Clerk, District 2 (Hannibal). Formal bank reconciliations were not prepared on a timely basis for the child support account, numerous checks were outstanding for more than a year in the fee account and child support account, and an open items listing was not prepared on a timely basis for the fee account. The Circuit Clerk's bank accounts were not always adequately covered by collateral securities.
- < The amount of collateral securities pledged by the county's depository banks in January 1999 and January 1998, was insufficient by approximately \$2.2 and \$1.5 million, respectively, to cover monies in the custody of the County Treasurer and County Collector. The county needs to better monitor securities pledged to protect county bank balances.

The report also included recommendations for improvements related to bidding procedures, preparing county budgets, verification of back tax books, contractual agreements, and personnel policies and procedures.

Other comments in the report related to the Emergency Service (E-911) Board's practice of paying bonuses and the failure of the Associate Circuit Division, District 2 (Hannibal) to reconcile open items to the cash balance.

**Copies of the audit are available upon request.**

YELLOW SHEET

MARION COUNTY, MISSOURI

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## FINANCIAL SECTION

## State Auditor's Reports





**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Marion County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Marion County.

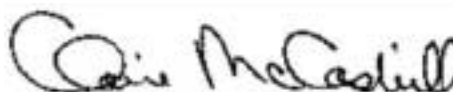
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Marion County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 4, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Marion County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

March 4, 1999 (fieldwork completion date)



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Marion County, Missouri

We have audited the special-purpose financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 4, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

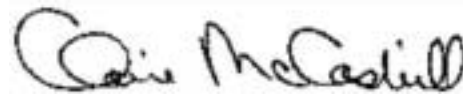
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Marion County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Marion County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Marion County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

March 4, 1999 (fieldwork completion date)

## Financial Statements

## Exhibit A-1

MARION COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 257,039	3,035,275	2,995,516	296,798
Special Road and Bridge	227	1,085,683	1,054,665	31,245
Assessment	-67,971	254,589	240,550	-53,932
Law Enforcement Training	19,412	11,062	5,573	24,901
Prosecuting Attorney Training	0	1,910	912	998
Health Center	215,843	1,350,955	1,387,679	179,119
Capital Improvements Sales Tax	483,147	1,470,407	1,526,706	426,848
Prosecuting Attorney Delinquent Tax	21,351	12,352	11,683	22,020
Emergency Telephone Service (E-911)	195,717	397,084	384,435	208,366
Recorder's Preservation	27,609	14,286	0	41,895
Drug Enforcement	14,483	9,023	8,857	14,649
Veterans Road	828,278	758,388	647,753	938,913
Local Use Tax	570,549	10,899	274,113	307,335
L.E.P.C.	18,595	7,766	3,593	22,768
Domestic Violence	1,329	3,165	4,493	1
Family Access Fund	0	25	0	25
Associate Circuit Division, District 1, Interest	2,486	939	1,338	2,087
Associate Circuit Division, District 2, Interest	2,345	1,070	1,321	2,094
Probate Division, District 2, Interest	1,377	70	61	1,386
Juvenile Justice Center	11,305	110,267	116,694	4,878
Law Library	46	8,952	8,999	-1
Circuit, District 1, Interest	17,690	2,074	826	18,938
Circuit, District 2, Interest	15,942	16,450	14,143	18,249
CDBG Commercial Flood Buyout	875	0	875	0
Total	\$ 2,637,674	8,562,691	8,690,785	2,509,580

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-2

MARION COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 235,992	2,916,008	2,894,961	257,039
Special Road and Bridge	23,141	989,442	1,012,356	227
Assessment	-75,524	275,803	268,250	-67,971
Law Enforcement Training	16,209	7,867	4,664	19,412
Prosecuting Attorney Training	1,102	2,944	4,046	0
Health Center	188,842	1,641,592	1,614,591	215,843
Capital Improvements Sales Tax	105,483	1,617,228	1,239,564	483,147
Prosecuting Attorney Delinquent Tax	25,761	9,802	14,212	21,351
Emergency Telephone Service (E-911)	171,099	385,213	360,595	195,717
Recorder's Preservation	15,567	12,042	0	27,609
Drug Enforcement	23,804	11,383	20,704	14,483
Veterans Road	500,792	689,693	362,207	828,278
Local Use Tax	555,599	14,950	0	570,549
LEPC	0	21,396	2,801	18,595
EDA Cyanamid Road Project	0	657,132	657,132	0
Domestic Violence	52	3,557	2,280	1,329
Flood Buyout	2,110	33,773	35,883	0
CDBG Residential Flood Buy-out	359	137,628	137,987	0
Associate Circuit Division, District 1, Interest	1,440	1,066	20	2,486
Associate Circuit Division, District 2, Interest	2,033	1,305	993	2,345
Probate Division, District 2, Interest	1,313	64	0	1,377
Juvenile Justice Center	6,555	50,299	45,549	11,305
Law Library	203	7,793	7,950	46
Circuit, District 1, Interest	18,272	8,159	8,741	17,690
Circuit, District 2, Interest	19,373	14,590	18,021	15,942
CDBG Commercial Flood Buyout	0	9,817	8,942	875
Total	\$ 1,839,577	9,520,546	8,722,449	2,637,674

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

MARION COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 47,500	61,072	13,572	8,000	13,347	5,347
Sales taxes	1,380,000	1,389,092	9,092	1,288,500	1,338,856	50,356
Intergovernmental	702,651	717,209	14,558	710,700	719,618	8,918
Charges for services	551,100	615,913	64,813	532,500	530,489	-2,011
Interest	10,000	13,190	3,190	15,000	8,909	-6,091
Other	131,459	178,859	47,400	95,760	125,927	30,167
Transfers in	59,940	59,940	0	30,100	178,862	148,762
Total Receipts	2,882,650	3,035,275	152,625	2,680,560	2,916,008	235,448
<b>DISBURSEMENTS</b>						
County Commission	78,750	75,959	2,791	77,500	72,826	4,674
County Clerk	122,968	120,315	2,653	120,000	115,736	4,264
Elections	98,500	98,162	338	43,500	48,336	-4,836
Buildings and grounds	150,000	113,795	36,205	113,400	115,344	-1,944
Employee fringe benefits	8,000	6,264	1,736	5,500	7,732	-2,232
County Treasurer	26,250	25,478	772	26,100	25,608	492
County Collector	170,000	158,427	11,573	165,525	159,197	6,328
Circuit Clerk I & Ex Officio Recorder of Deeds	73,500	67,519	5,981	70,500	61,866	8,634
Circuit Clerk II	23,950	13,433	10,517	20,250	13,329	6,921
Tenth Circuit Court	12,000	8,131	3,869	6,636	4,226	2,410
Associate Circuit and Probate Court	42,000	43,571	-1,571	44,100	33,383	10,717
Court administration	22,610	37,369	-14,759	21,500	17,512	3,988
Public Administrator	41,500	65,505	-24,005	27,750	31,266	-3,516
Sheriff	400,000	394,955	5,045	369,139	366,622	2,517
Jail	1,112,500	1,060,111	52,389	1,018,528	1,044,633	-26,105
Prosecuting Attorney	211,000	215,889	-4,889	173,200	174,435	-1,235
Juvenile Officer	184,882	199,918	-15,036	177,110	173,111	3,999
County Coroner	30,000	25,454	4,546	25,750	24,625	1,125
Other General County	136,500	110,986	25,514	214,160	180,330	33,830
Emergency Preparedness	8,250	8,181	69	8,195	8,194	1
Planning and Zoning	6,000	4,623	1,377	4,500	4,893	-393
Public health and welfare services	4,150	4,010	140	4,250	3,900	350
Transfers out	33,499	33,499	0	21,552	93,762	-72,210
Emergency Fund	85,750	0	85,750	80,000	0	80,000
Assessor	0	16,520	-16,520	0	34,438	-34,438
Postage	42,500	42,442	58	40,000	39,657	343
University Extension	45,000	45,000	0	40,000	40,000	0
Total Disbursements	3,170,059	2,995,516	174,543	2,918,645	2,894,961	23,684
RECEIPTS OVER (UNDER) DISBURSEMENTS	-287,409	39,759	327,168	-238,085	21,047	259,132
CASH, JANUARY 1	257,039	257,039	0	235,992	235,992	0
CASH, DECEMBER 31	\$ -30,370	296,798	327,168	-2,093	257,039	259,132

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit C

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ROAD AND BRIDGE FUND

		Year Ended December 31,					
		1998		1997			
			Variance Favorable		Variance Favorable		
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
RECEIPTS							
Property taxes	\$	525,000	564,267	39,267	460,000	461,698	1,698
Intergovernmental		493,130	494,791	1,661	470,100	497,978	27,878
Interest		6,000	6,348	348	5,000	5,487	487
Other		14,500	20,277	5,777	14,900	24,279	9,379
Total Receipts		1,038,630	1,085,683	47,053	950,000	989,442	39,442
DISBURSEMENTS							
Salaries		470,592	475,890	-5,298	473,444	463,889	9,555
Employee fringe benefits		132,052	128,686	3,366	131,980	119,459	12,521
Supplies		97,450	71,689	25,761	96,950	74,434	22,516
Insurance		19,500	19,931	-431	22,000	18,404	3,596
Road and bridge materials		208,500	29,736	178,764	208,000	60,733	147,267
Equipment repairs		101,500	44,867	56,633	101,000	61,349	39,651
Rentals		5,000	68	4,932	5,000	250	4,750
Equipment purchases		275,000	218,006	56,994	232,999	134,370	98,629
Office Expense		11,300	8,417	2,883	14,030	8,949	5,081
Other		47,244	28,513	18,731	48,000	41,657	6,343
Transfers out		28,862	28,862	0	28,862	28,862	0
Total Disbursements		1,397,000	1,054,665	342,335	1,362,265	1,012,356	349,909
RECEIPTS OVER (UNDER) DISBURSEMENTS		-358,370	31,018	389,388	-412,265	-22,914	389,351
CASH, JANUARY 1		227	227	0	23,141	23,141	0
CASH, DECEMBER 31		\$ -358,143	31,245	389,388	-389,124	227	389,351

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

Year Ended December 31,							
1998				1997			
		Variance			Variance		
		Favorable			Favorable		
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
RECEIPTS							
Intergovernmental	\$	202,400	218,528	16,128	196,500	191,850	-4,650
Interest		2,000	1,756	-244	2,800	1,494	-1,306
Other		1,600	806	-794	2,700	907	-1,793
Transfers in		33,499	33,499	0	21,552	81,552	60,000
Total Receipts		239,499	254,589	15,090	223,552	275,803	52,251
DISBURSEMENTS							
Assessor		246,000	240,550	5,450	222,500	218,250	4,250
Transfers out		0	0	0	0	50,000	-50,000
Total Disbursements		246,000	240,550	5,450	222,500	268,250	-45,750
RECEIPTS OVER (UNDER) DISBURSEMENTS		-6,501	14,039	20,540	1,052	7,553	6,501
CASH, JANUARY 1		-67,971	-67,971	0	-75,524	-75,524	0
CASH, DECEMBER 31	\$	-74,472	-53,932	20,540	-74,472	-67,971	6,501

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 8,000	11,062	3,062	7,791	7,867	76
Total Receipts	8,000	11,062	3,062	7,791	7,867	76
DISBURSEMENTS						
Sheriff	24,000	5,573	18,427	24,000	4,664	19,336
Total Disbursements	24,000	5,573	18,427	24,000	4,664	19,336
RECEIPTS OVER (UNDER) DISBURSEMENTS	-16,000	5,489	21,489	-16,209	3,203	19,412
CASH, JANUARY 1	19,412	19,412	0	16,209	16,209	0
CASH, DECEMBER 31	\$ 3,412	24,901	21,489	0	19,412	19,412

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

		Year Ended December 31,					
		1998			1997		
				Variance			Variance
				Favorable			Favorable
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Charges for services	\$	4,000	1,910	-2,090	5,398	2,944	-2,454
Total Receipts		4,000	1,910	-2,090	5,398	2,944	-2,454
DISBURSEMENTS							
Prosecuting Attorney		4,000	912	3,088	6,500	4,046	2,454
Total Disbursements		4,000	912	3,088	6,500	4,046	2,454
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	998	998	-1,102	-1,102	0
CASH, JANUARY 1		0	0	0	1,102	1,102	0
CASH, DECEMBER 31		\$ 0	998	998	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit G

MARION COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 290,600	308,336	17,736	264,600	271,209	6,609
Intergovernmental	209,344	222,428	13,084	198,785	231,241	32,456
Charges for services	1,046,089	772,024	-274,065	1,228,607	1,123,656	-104,951
Interest	8,000	8,199	199	7,000	7,773	773
Other	5,000	39,968	34,968	5,000	7,713	2,713
Total Receipts	1,559,033	1,350,955	-208,078	1,703,992	1,641,592	-62,400
DISBURSEMENTS						
Salaries	866,412	751,866	114,546	900,351	867,012	33,339
Fringe benefits	159,466	130,718	28,748	162,334	143,104	19,230
Office expenses	75,700	65,033	10,667	80,600	73,256	7,344
Equipment purchases and repair	28,020	35,350	-7,330	32,600	28,034	4,566
Mileage	44,000	41,667	2,333	52,000	60,713	-8,713
Contracted Services	255,720	222,872	32,848	300,380	252,797	47,583
Building payments	78,315	78,833	-518	78,315	78,314	1
Medical supplies	50,000	33,376	16,624	66,000	51,553	14,447
Insurance	17,000	6,493	10,507	25,100	32,304	-7,204
Other	24,400	21,471	2,929	6,400	27,504	-21,104
Total Disbursements	1,599,033	1,387,679	211,354	1,704,080	1,614,591	89,489
RECEIPTS OVER (UNDER) DISBURSEMENTS	-40,000	-36,724	3,276	-88	27,001	27,089
CASH, JANUARY 1	115,843	215,843	100,000	188,842	188,842	0
CASH, DECEMBER 31	\$ 75,843	179,119	103,276	188,754	215,843	27,089

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENT SALES TAX FUND

Year Ended December 31,							
1998				1997			
			Variance Favorable			Variance Favorable	
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
RECEIPTS							
Sales taxes	\$	1,380,000	1,389,084	9,084	1,288,500	1,338,830	50,330
Intergovernmental		420,000	66,493	-353,507	697,000	265,966	-431,034
Interest		11,000	14,664	3,664	6,016	11,283	5,267
Other		1,000	166	-834	0	1,149	1,149
Total Receipts		1,812,000	1,470,407	-341,593	1,991,516	1,617,228	-374,288
DISBURSEMENTS							
Salaries		80,984	76,182	4,802	59,904	72,733	-12,829
Office Expenditures		24,878	16,855	8,023	20,096	15,614	4,482
Equipment		9,748	1,647	8,101	5,000	357	4,643
Other		200,000	4,194	195,806	80,000	3,626	76,374
Transfers out		23,252	23,252	0	100,000	100,000	0
Buildings		399,138	28,286	370,852	45,000	32,132	12,868
Jail bond payments		540,000	540,944	-944	542,000	537,177	4,823
Roads and bridges		1,012,000	835,346	176,654	1,237,000	477,925	759,075
Total Disbursements		2,290,000	1,526,706	763,294	2,089,000	1,239,564	849,436
RECEIPTS OVER (UNDER) DISBURSEMENTS							
		-478,000	-56,299	421,701	-97,484	377,664	475,148
CASH, JANUARY 1		483,147	483,147	0	105,483	105,483	0
CASH, DECEMBER 31	\$	5,147	426,848	421,701	7,999	483,147	475,148

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY DELINQUENT TAX FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	1,300	1,410	110	1,239	1,070	-169
Charges for Services		10,700	10,942	242	11,000	8,732	-2,268
Total Receipts		12,000	12,352	352	12,239	9,802	-2,437
DISBURSEMENTS							
Prosecuting Attorney		33,000	11,683	21,317	38,000	14,212	23,788
Total Disbursements		33,000	11,683	21,317	38,000	14,212	23,788
RECEIPTS OVER (UNDER) DISBURSEMENTS		-21,000	669	21,669	-25,761	-4,410	21,351
CASH, JANUARY 1		21,351	21,351	0	25,761	25,761	0
CASH, DECEMBER 31	\$	351	22,020	21,669	0	21,351	21,351

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
EMERGENCY TELEPHONE SERVICE (E-911) FUND

Year Ended December 31,							
1998				1997			
		Variance			Variance		
		Favorable			Favorable		
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
RECEIPTS							
Intergovernmental	\$	106,428	106,428	0	106,428	106,428	0
Charges for services		267,400	281,871	14,471	257,470	273,197	15,727
Interest		5,550	8,340	2,790	7,315	5,323	-1,992
Other		0	445	445	0	265	265
Total Receipts		379,378	397,084	17,706	371,213	385,213	14,000
DISBURSEMENTS							
Salaries and employee benefits		285,351	282,795	2,556	270,420	244,781	25,639
Insurance		2,310	2,040	270	2,235	3,278	-1,043
Equipment and maintenance agreements		11,785	26,004	-14,219	46,572	39,631	6,941
Professional services		2,100	1,830	270	8,650	2,470	6,180
Office expense		2,664	3,291	-627	2,784	2,717	67
Advertising		240	528	-288	600	229	371
Telephone expenses		61,200	63,457	-2,257	62,400	60,828	1,572
Miscellaneous		4,596	4,490	106	6,200	6,661	-461
Total Disbursements		370,246	384,435	-14,189	399,861	360,595	39,266
RECEIPTS OVER (UNDER) DISBURSEMENTS							
		9,132	12,649	3,517	-28,648	24,618	53,266
CASH, JANUARY 1		192,926	195,717	2,791	176,554	171,099	-5,455
CASH, DECEMBER 31	\$	202,058	208,366	6,308	147,906	195,717	47,811

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit K

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S PRESERVATION FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 10,000	13,124	3,124	10,200	11,298	1,098
Interest	1,000	1,162	162	732	744	12
Total Receipts	11,000	14,286	3,286	10,932	12,042	1,110
DISBURSEMENTS						
Ex Officio Recorder of Deeds	38,500	0	38,500	25,000	0	25,000
Total Disbursements	38,500	0	38,500	25,000	0	25,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	-27,500	14,286	41,786	-14,068	12,042	26,110
CASH, JANUARY 1	27,609	27,609	0	15,567	15,567	0
CASH, DECEMBER 31	\$ 109	41,895	41,786	1,499	27,609	26,110

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DRUG ENFORCEMENT FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for Services	\$ 11,000	9,023	-1,977	18,196	11,383	-6,813
Total Receipts	11,000	9,023	-1,977	18,196	11,383	-6,813
DISBURSEMENTS						
Public Safety	25,483	8,857	16,626	42,000	20,704	21,296
Total Disbursements	25,483	8,857	16,626	42,000	20,704	21,296
RECEIPTS OVER (UNDER) DISBURSEMENTS	-14,483	166	14,649	-23,804	-9,321	14,483
CASH, JANUARY 1	14,483	14,483	0	23,804	23,804	0
CASH, DECEMBER 31	\$ 0	14,649	14,649	0	14,483	14,483

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VETERAN'S ROAD FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales tax	\$ 690,000	692,481	2,481	639,208	668,670	29,462
Interest	25,000	18,883	-6,117	8,000	21,023	13,023
Other	0	47,024	47,024	0	0	0
Total Receipts	715,000	758,388	43,388	647,208	689,693	42,485
DISBURSEMENTS						
Highways and roads	1,510,174	639,927	870,247	1,148,000	362,207	785,793
Transfers out	7,826	7,826	0	0	0	0
Total Disbursements	1,518,000	647,753	870,247	1,148,000	362,207	785,793
RECEIPTS OVER (UNDER) DISBURSEMENTS	-803,000	110,635	913,635	-500,792	327,486	828,278
CASH, JANUARY 1	828,278	828,278	0	500,792	500,792	0
CASH, DECEMBER 31	\$ 25,278	938,913	913,635	0	828,278	828,278

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LOCAL USE TAX FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 15,452	10,899	-4,553	0	14,950	14,950
Total Receipts	15,452	10,899	-4,553	0	14,950	14,950
DISBURSEMENTS						
Refunds to the Department of Revenue	0	274,113	-274,113	0	0	0
Total Disbursements	0	274,113	-274,113	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,452	-263,214	-278,666	0	14,950	14,950
CASH, JANUARY 1	570,549	570,549	0	555,599	555,599	0
CASH, DECEMBER 31	\$ 586,001	307,335	-278,666	555,599	570,549	14,950

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

MARION COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LEPC FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	8,000	7,766	-234	6,289	9,185	2,896
Transfers in		0	0	0	0	12,211	12,211
Total Receipts		8,000	7,766	-234	6,289	21,396	15,107
DISBURSEMENTS							
Office Supplies and miscellaneous		6,000	633	5,367	4,000	371	3,629
Equipment purchase		8,000	1,310	6,690	6,000	300	5,700
Training		8,000	556	7,444	5,000	1,125	3,875
Mileage and registration		3,500	1,094	2,406	3,500	1,005	2,495
Total Disbursements		25,500	3,593	21,907	18,500	2,801	15,699
RECEIPTS OVER (UNDER) DISBURSEMENTS		-17,500	4,173	21,673	-12,211	18,595	30,806
CASH, JANUARY 1		18,595	18,595	0	12,211	0	-12,211
CASH, DECEMBER 31	\$	1,095	22,768	21,673	0	18,595	18,595

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

MARION COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
EDA CYANAMID ROAD PROJECT FUND

Year Ended December 31,			
1997			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 526,712	657,132	130,420
Total Receipts	526,712	657,132	130,420
DISBURSEMENTS			
American Cyanamid Road Project	526,712	657,132	-130,420
Total Disbursements	526,712	657,132	-130,420
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

MARION COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Marion County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Emergency Telephone Service (E-911) Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:



<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Fund	1998 and 1997
Associate Circuit Division, District 1, Interest Fund	1998 and 1997
Associate Circuit Division, District 2, Interest Fund	1998 and 1997
Probate Division, District 2, Interest Fund	1998 and 1997
Juvenile Justice Center Fund	1998 and 1997
Law Library Fund	1998 and 1997
Circuit, District 1, Interest Fund	1998 and 1997
Circuit, District 2, Interest Fund	1998 and 1997
CDBG Commercial Flood Buyout Fund	1998 and 1997
Family Access Fund	1998
Flood Buyout Fund	1997
CDBG Residential Flood Buyout Fund	1997

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	1997
Emergency Telephone Service (E-911) Fund	1998
EDA Cyanamid Road Project Fund	1997
Local Use Tax Fund	1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

Deficit budget balances are presented for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	1998 and 1997
Special Road and Bridge Fund	1998 and 1997

However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show

receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Circuit Division, District 1, Interest Fund	1998 and 1997
Associate Circuit Division, District 2, Interest Fund	1998 and 1997
Probate Division, District 2, Interest Fund	1998 and 1997
Juvenile Justice Center Fund	1998 and 1997
Law Library Fund	1998 and 1997
Circuit, District 1, Interest Fund	1998 and 1997
Circuit, District 2, Interest Fund	1998 and 1997

## 2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The health center board's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The E-911 board's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the board's custodial bank in the board's name.

## Supplementary Schedule

## MARION COUNTY, MISSOURI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Social Services - Food			
10.6	Distribution	N/A \$	1,288	431
	Department of Health - Special			
	Supplemental Nutrition Program for			
10.6	Women, Infants, and Children	CDA-238-0050	72,257	81,266
U. S. DEPARTMENT OF COMMERCE:				
	Economic Development - Grants for Public Works			
11.3	and Infrastructure Development	05-19-61046	N/A	657,132
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.2	Community Development Block Grants/State's Program	96EM005	143	29,707
		94DR005	0	9,817
		93DR033	0	137,628
	Department of Social Services -			
14.2	Emergency Shelter Grants Program	ER010640052	17,600	17,600
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety -			
	Missouri Sheriffs' Association - Domestic			
16.unknown	High Intensity Drug Traffic Area	98HIDTA55203	37,681	13,441
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and			
	Transportation Commission - Off-System			
	Bridge Replacement and Rehabilitation	BRO-064(10)	22,106	16,704
20.2	Program	BRO-064(16)	45,649	249,262
	Program Total		67,755	265,966
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.0	Donation of Federal Surplus Personal Property	N/A	119	241

FEDERAL EMERGENCY MANAGEMENT AGENCY

Passed through state Department of Public Safety:

Emergency Management - State and Local

83.5	Assistance	FEMA-995-DR-MO	N/A	46,754
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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through state:

Department of Health - Childhood Lead Poisoning				
	Prevention Projects - State and Community-Based	AOC8000307	19,300	N/A
	Childhood Lead Poisoning Prevention and Surveillance			
93.2	of Blood Lead Levels in Children			
93.3	Department of Health - Immunization Grants	ER0146-8164	11,671	8,700
	Department of Social Services - Child Support			
93.6	Enforcement	N/A	641	2,308
	Department of Health -			
93.6	Child Care and Development Block Grant	ER0146-9164	3,009	2,908
	Department of Social Services - Social Services			
93.7	Block Grant	ER0172099	96,097	34,180
		ER0172029		
		ER0172100		
Department of Health:				
93.9	HIV Care Formula Grants	C900116001	6,347	10,630
	Cooperative Agreements for State-Based			
	Comprehensive Breast and Cervical Cancer			
93.9	Early Detection Programs	ER0161-90039	16,618	24,292
	Maternal and Child Health Services			
94.0	Block Grant to the States	CDA224-9164	26,655	31,929
	Total Expenditures of Federal Awards	\$	<u>377,181</u>	<u>1,374,930</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

## Notes to the Supplementary Schedule

MARION COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Marion County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.



2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1998 and 1997.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Marion County, Missouri

Compliance

We have audited the compliance of Marion County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Marion County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-1.

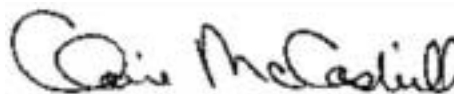
#### Internal Control Over Compliance

The management of Marion County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Marion County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill".

Claire McCaskill  
State Auditor

March 4, 1999 (fieldwork completion date)

Schedule

MARION COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 1998 AND 1997

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?        yes   X   no

Reportable condition identified that is  
not considered to be material weakness?        yes   X   none reported

Noncompliance material to the financial statements  
noted?        yes   X   no

Federal Awards

Internal control over major programs:

Material weakness identified?        yes   X   no

Reportable condition identified that is  
not considered to be material weakness?   X   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes        no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
11.300	Economic Development - Grants for Public Works and Infrastructure Development
20.205	Off-system Bridge Replacement and Rehabilitation Program

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

## Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

<b>98-1.                                      Schedule of Expenditures of Federal Awards</b>
--

Federal Grantor:	U.S. Department of Commerce
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	11.300
Program Title:	Economic Development - Grants for Public Works and Infrastructure Development
Pass-Through Entity Identifying Number:	05-19-61046
Award Years:	1998 and 1997
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity Identifying Number:	BRO-064(10) & BRO-064(16)
Award Years:	1998 and 1997
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.



The county does not have a procedure in place to track federal assistance for preparation of the SEFA. The county did not prepare and submit a SEFA to the State Auditor's Office for the year ended December 31, 1997. Upon our request during the audit fieldwork, the county did provide the schedule for the years ended December 31, 1998 and 1997.

Without an accurate and timely SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk will try to prepare an accurate SEFA. The County Clerk's deputy will maintain a file of all federal contracts to help identify federal dollars. The County Clerk is the contact person and the anticipated completion date of the next SEFA is January 2000.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

MARION COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report for the three years ended December 31, 1996, included no audit findings that *Government Auditing Standards*, requires to be reported for an annual audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

MARION COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

2. County Expenditures (Federal Portion)

Federal Grantor:	U.S. Department of Justice	
Pass-Through Grantor:	Department of Public Safety	
Federal CFDA Number:	16.579	
Program Title:	Drug Control and System Improvement-	Formul a Grant
Pass-Through Entity		
Identifying Number:	94-NCD2-0021& 93-NCD2-0008	
Award Years:	1995 and 1994	
Questioned Costs:	Not Applicable	
Federal Grantor:	Federal Emergency Management Agency (FEMA)	
Pass-Through Grantor:	Department of Public Safety	
Federal CFDA Number:	83.516	
Program Title:	Disaster Assistance	
Pass-Through Entity		
Identifying Number:	FEMA-995-DR-MO	
Award Years:	1996, 1995 and 1994	
Questioned Costs:	\$534,926	

- B. The county was the grant recipient for a Drug Control and System Improvement Grant, passed through the state Department of Public Safety (DPS). Marion County made disbursements for payroll expenses for the Northeast Missouri (NEMO) Drug Task Force employees; however, the county did not require documentation of time worked. In

addition, the County Commission approved reimbursement requests from the NEMO Task Force without reviewing documentation which supported Task Force expenditures. Also, the County Commission did not ensure the NEMO Task Force obtained an audit.

- C. The county did not advertise or solicit bids for flood debris clean up services costing \$534,926 which was claimed as a FEMA expenditure.

Recommendation:

- B&C. The County Commission contact state and federal grantor agencies to resolve the questioned costs. In addition, the County Commission should adequately review supporting documentation for all expenditures prior to approving such expenditures or reimbursement requests and ensure subrecipients of federal financial assistance comply with federal regulations, including obtaining an annual audit when necessary.

Status:

- B&C. Implemented. The Drug Control and System Improvement grant is now administered by another political subdivision. Department of Public Safety personnel indicated that questioned costs have been resolved. Due to an emergency situation and the need to complete the project promptly, State Emergency Management Agency personnel indicated that bids were not required in this situation.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings



MARION COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Marion County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 4, 1999. We also have audited the compliance of Marion County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 4, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Marion County Services for the Developmentally Disabled Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and the substantiating working papers for the years ended June 30, 1998 and 1997.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials and the county board referred to above. In addition, this report includes

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Marion County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Circuit Clerk, District 2 (Hannibal) Accounting Controls and Procedures</b>
---

For the year ended December 31, 1998, the Circuit Clerk's, District 2 (Hannibal) office received approximately \$500,000 in fees, bonds and interest. The circuit clerk has a fiduciary responsibility to ensure all monies in her custody are accounted for properly. During our review we identified the following significant weaknesses:

- A. Monies received are not deposited on a timely basis. Deposits to the fee account are made every two to three days. In addition, receipts are not posted to the computerized accounting records until the deposit is made. To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100 and receipts should be posted to the accounting records daily.
- B. Formal bank reconciliations were not prepared on a timely basis for the child support account. As of December 1998, the child support account bank reconciliations were completed through August 1998. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.
- C. The Circuit Clerk's fee account has 28 checks totaling \$7,188 which have been outstanding for more than one year. In addition to the current fee account, an inactive fee account is maintained which has 47 outstanding checks totaling \$6,979. The inactive fee account has outstanding checks dating back to July 1992.

The Circuit Clerk should investigate old outstanding checks that have not cleared the bank, and determine proper disposition. Procedures should be adopted to periodically follow up on old outstanding checks.

- D. An open-items listing for the fee account is not maintained. The Circuit Clerk's fee account cash balance was approximately \$212,000 at December 31, 1998. Although an open items listing is maintained for the child support account, a reconciliation of the open items listing to the reconciled bank balance has not been performed since August 1998. The Circuit Clerk indicated that reconciliations have not been performed because of computer system problems.

Monthly listings of open-items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides

assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Unidentified differences should be investigated and resolved.

- E. During a review of case files we noted cases for which monies were not disbursed timely and remained in the Circuit Clerk's fee account. Two cases reviewed had been closed for over one year prior to the case being processed and any remaining monies being disbursed. Upon disposition of a case, the case should be properly processed and any remaining funds should be distributed on a timely basis. Continuing to account for monies which could be disbursed results in an unnecessary administrative burden.
- F. The Circuit Clerk's bank accounts were not adequately covered by collateral securities, and therefore, monies were unsecured by various amounts during the audit period. In September 1998 and December 1997, when balances were at their highest, approximately \$90,000 was unsecured.

Section 483.312, RSMo 1998, requires the value of securities pledged by banks holding circuit court fund shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave public funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Circuit Clerk should enter into depositary agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

These conditions were noted in our prior report.

**WE AGAIN RECOMMEND** the Circuit Clerk, District 2 (Hannibal):

- A. Deposit monies received intact daily or when accumulated receipts exceed \$100. In addition, receipts should be recorded daily.
- B. Ensure formal bank reconciliations are prepared on a monthly basis.
- C. Investigate all old outstanding checks and either reissue the check or consult with legal counsel as to the appropriate disposition. In the future, outstanding checks should be investigated and resolved on a periodic basis.
- D. Prepare accurate monthly listings of liabilities and reconcile the listings to book and bank balances.
- E. Ensure all cases are processed and monies are distributed on a timely basis.

- F. Ensure the depository bank pledges adequate securities at all times in accordance with state law.

**AUDITEE'S RESPONSE**

*The Circuit Clerk indicated:*

- A. *The office has started to try and make general account deposits on a timely basis. Receipts are being posted in the computer before deposits are made.*
- B. *Reconciliations have been prepared.*
- C. *She is in the process of investigating old outstanding checks.*
- D. *She is in the process of updating open items.*
- E. *She has disbursed the last several months of cases.*
- F. *The bank has secured deposits in excess of the FDIC coverage.*

<b>2. County Expenditures</b>
-------------------------------

Bids were not always solicited, nor was bid documentation always retained, for various purchases made by the county during the audit period.

Examples of items purchased, for which bid documentation could not be found or was not sufficient, are as follows:

Item Purchased	Cost
Jail kitchen supplies (audit period total)	\$ 178,368
Gravel (audit period total)	146,318
Reassessment Map Maintenance	18,118
	<u>\$ 342,804</u>

Section 50.660, RSMo 1994, requires the advertisement of bids for all purchases of \$3,000 or more, and the solicitation of bids for purchases greater than \$1,000 from any one person, firm, or corporation in any period of 90 days. Effective August 28, 1998, a change in state law raised the limit for solicitation of bids to \$4,500. Bidding procedures for major purchases provide a framework for economical management of county resources and help ensure the county receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

**WE RECOMMEND** the County Commission solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

**AUDITEE'S RESPONSE**

*The County Commission will try to maintain better documentation of the bidding process.*

<b>3. Budgetary Practices</b>
-------------------------------

- A. Budgets were not prepared for some funds for the years ended December 31, 1998, and 1997.

By obtaining or preparing budgets for all county funds, the County Commission would be able to more effectively evaluate all county resources. In addition, Chapter 50, RSMo 1994, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year.

- B. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.800, RSMo 1994, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

- C. Deficiencies were noted in the budgets prepared by the County Clerk and approved by the County Commission as follows:

- 1) For some funds budgeted expenditures significantly exceeded actual expenditures. For many of the same funds, it appears budgeted expenditures were based strictly on total beginning available resources and anticipated revenues. As a result, the anticipated ending fund balance was understated.
- 2) Significant expenditure amounts were sometimes budgeted in broad categories with no detail provided. Failure to provide detailed budget categories reduces the effectiveness of the budget as a management tool.

By not presenting all financial information in a complete and accurate manner, the effectiveness of the budget as a management tool is decreased. To be of maximum assistance to the county and its taxpayers, a complete and accurate budget document is needed.

These conditions were noted in our prior report.

**WE AGAIN RECOMMEND** the County Commission:

- A. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. And County Clerk ensure budget documents are accurate and complete.

**AUDITEE'S RESPONSE**

- A. *The County Commission will attempt to conform with state law.*

*The County Clerk indicated the several funds listed by the auditors are of the more obscure variety and very small in sum. They are controlled by various county and judicial officials and will be included in the county budget document and financial statement if and when these officials submit budget estimates of revenues and expenditures. It would seem to the County Clerk that auditors should transmit their opinions and comments regarding this need, not only to the County Commission and Budget Officer, but also to the officials in control of these funds, thereby enlightening them of the need for cooperation in an effort to present a complete financial plan for a given year.*

- 3.B. *The County Clerk indicated, it is likely, if county and judicial officials are not submitting these obscure funds to the budget officer for inclusion in the county budget, they will not end up in the financial statement either. This situation will be corrected when 3.A. is corrected.*

- 3.C. *The County Clerk indicated:*

*The funds to which the auditor refers to in C. 1) are single-purpose funds. The controlling officer of that particular fund, such as the Sheriff or Prosecuting Attorney, usually submits their budget-request forms for revenues and expenditures showing all resources budgeted out as expenditures. Since these funds cannot be spent for purposes other than that for which they were intended, the County Clerk agrees with them that this practice is responsible and acceptable. The County Clerk agrees that the ending fund balance becomes understated, but as long as it is not a deficit, and all expenditures are accounted for in a lawful manner, he sees no problem, especially with these smaller insignificant funds representing far less than 1% of the county's total budget.*

*Actually the budget document to which the auditor refers plays a very small role as a "management tool." In fact, the county uses it very little as a "management tool." The county's AS-400 computer's financial package form greatly surpasses the state document*

*form in its informational content for detail, and it is at the County Clerk's fingertips. All of its financial information is presented in a complete and accurate manner. Its ease of presenting complete detail of every Marion County expenditure is easily shown upon the request of any county official, auditor or taxpayer. An accurate budget document is a reality. The county has it now.*

<b>4. Collateral Securities</b>
---------------------------------

Our review of pledged collateral for county funds revealed the following concerns:

- A. The amount of collateral securities pledged by the county's depository banks in January 1999 and January 1998, was insufficient by approximately \$2.2 and \$1.5 million, respectively, to cover monies in the custody of the County Treasurer and County Collector.
- B. The amount of collateral securities pledged by the Health Center Board's depository banks in February of 1998 was insufficient by approximately \$117,000, to cover monies in the Health Center account.

It appears these situations occurred because bank balances are not monitored by the county or health center board, respectively. Section 110.020, RSMo 1994, provides that the value of the securities pledged should at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND :**

- A. The County Commission ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.
- B. The health center Board of Trustees ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated the recommendation has been implemented.*
- B. *The health center Administrator indicated the health center monies are now adequately collateralized. She stated deposits are being monitored to ensure all deposits are collateralized throughout the year.*

**5.****Prosecuting Attorney Rent**

The Prosecuting Attorney maintains an office outside the county courthouse. In addition to his duties as the county Prosecuting Attorney, he operates a private law practice from this office. Currently, the county pays 100 percent of all rent and utilities (excluding telephone) expense. The county does not have a written agreement with the Prosecuting Attorney regarding the share of office expenses the county should pay. During the year ended December 31, 1998, rent and utilities (exclusive of telephone) totaled \$7,200 and \$3,475, respectively.

Since county resources should be used for county business, the county should enter into a written agreement with the Prosecuting Attorney outlining what the arrangements are, what rent and/or equipment will be provided by the county and what will be provided by the private practice. The basis for the arrangements should be documented and retained.

To ensure the Prosecuting Attorney is not personally benefiting from this arrangement, it is important to document the adequacy of the financial arrangement and the basis for the allocation of resources between county and private use. There needs to be a clear distinction made between county and private practice resources and work efforts to avoid the appearance of impropriety, and alleviate questions regarding possible inappropriate use of public resources. This situation was noted in our prior report.

**WE AGAIN RECOMMEND** the County Commission establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.

**AUDITEE'S RESPONSE**

*The County Commission indicated they have discussed this with the Prosecuting Attorney. The Prosecuting Attorney uses personal property for county use and the county believes this offsets the amount paid for rent and utilities. The County Commission will contact the Prosecuting Attorney to obtain written documentation on this matter.*

**6.****Personnel Policies and Procedures**

Our review of employee time cards and leave records revealed that compensatory time is accumulated for time worked in excess of eight hours per day even when 40 hours were not worked during the week. The County Personnel Policies and Procedures Manual states that overtime compensation will be rewarded at one and a half times the usual rate of pay, in the form of compensatory time off, for hours worked in excess of 40 per week. The manual states that an employee must meet the 40-hour plus work week, not simply exceed an 8-hour day, before being eligible for overtime compensation.



According to the manual, compensatory time can accumulate to a maximum of 240 hours for all nonemergency personnel and compensatory time for each employee will then be reduced to 40 hours on an annual date supplied by the elected official. With the exception of road and bridge employees, we noted that employees' accumulated compensatory time was not being reduced to 40 hours. At December 31, 1998, the county's records reflected accumulated compensatory time totaling 1,031 hours (exclusive of the Sheriff's office and road and bridge employees). Three employees had balances exceeding 100 hours.

**WE RECOMMEND** the County Commission review the policy and ensure compliance with the County Personnel Policies and Procedures Manual.

#### **AUDITEE'S RESPONSE**

*The County Commission indicated the personnel policy has been changed to allow compensatory time as noted above and will ensure compliance with the policy. The County Commission will review compensatory time accumulation and the reduction to forty hours on an annual date with the county officials.*

<b>7. Property Tax Books</b>
------------------------------

The back tax books are prepared by the County Collector; however, no procedures are performed by the County Clerk to verify the accuracy of the back tax books.

Section 140.050, RSMo 1994, requires the County Clerk to charge the County Collector with the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. Failure to perform reviews of the tax books may result in errors and irregularities going undetected. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances over the County Collector.

**WE RECOMMEND** the County Clerk verify the totals of the back tax books for accuracy and document the procedures performed.

#### **AUDITEE'S RESPONSE**

*The County Clerk indicated he will implement the recommendation.*

<b>8. Emergency Telephone Service (E-911) Board</b>
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In December of 1998 and 1997, the E-911 Board paid a \$50 bonus to each employee for a total of \$1,100. These payments represent additional compensation in the form of a bonus for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution which states, in part:

“The general assembly shall have no power...To grant or to authorize any county or municipal authority to grant any extra compensation, fee or allowance to a public officer, agent, servant or contractor after service has been rendered or a contract has been entered into and performed in whole or in part...”

**WE RECOMMEND** The Emergency Telephone Service (E-911) Board discontinue the practice of paying employee bonuses.

### **AUDITEE'S RESPONSE**

*The E-911 Board Treasurer indicated the Board will comply with the recommendation.*

<b>9. Associate Circuit Division, District 2 (Hannibal) Open Items</b>
--

The December 31, 1998, and 1997 listings of open items exceeded the reconciled bank balance by \$2,793, and \$1,908, respectively. As noted in the prior report, open items exceeded the reconciled bank balance by \$2,103 at December 31, 1996. There is no indication that the open items listing is compared to the reconciled bank balance or that differences are investigated.

The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Unidentified differences should be investigated and resolved on a timely basis.

**WE AGAIN RECOMMEND** the Associate Circuit Judge:

Require a detailed monthly listing of open items be prepared on a timely basis and periodically reconciled to the cash balance. Any unidentified differences should be investigated and resolved on a timely basis.

### **AUDITEE'S RESPONSE**

*The Associate Circuit Judge indicated the court has instructed the court clerks to reconcile open items to the bank balance and investigate any unidentified differences as well as investigate any differences in prior years. The court has been working to reconcile open items. The open items discrepancy has been carried forward from prior to the time the current Judge took office. The Office of State Courts Administrator has been contacted by the court and they advised they would provide auditing and accounting services to reconcile any perceived potential difficulties.*

This report is intended for the information of the management of Marion County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## MARION COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Marion County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1996. Finding numbers 2.B&C. are omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

### 1. Circuit Clerk, District 2 (Hannibal) Accounting Controls and Procedures

- A. Accounting duties were not segregated for fee account transactions. There was no documentation that personnel independent of the accounting duties performed reconciliations of the records or reviews of the work performed.
- B. Monies received were not deposited on a timely basis.
- C. Formal bank reconciliations were not prepared on a timely basis for the fee account and the child support account.
- D. The Circuit Clerk's fee account and child support account had numerous checks which had been outstanding for more than one year.
- E. The Circuit Clerk had not prepared an open items listing for the fee account since December 31, 1993. As of March 31, 1997, the reconciled cash balance exceeded the total identified open items by \$17,571. In addition, the open items listing for the child support account was not prepared on a timely basis.
- F. Several cases were noted where monies were not disbursed timely and remained in the Circuit Clerk's fee account.
- G. Disbursements to the state and county for fees collected were untimely.
- H. For most of the audit period, the Circuit Clerk's bank accounts were not covered by collateral securities.
- I. The Circuit Clerk earned interest on the various accounts maintained, but did not maintain an interest ledger which summarized interest revenues, disbursements, and the balance.

### Recommendation:

The Circuit Clerk, District 2 (Hannibal):

- A. Provide for adequate segregation of duties and performance of independent reconciliations and reviews of accounting records.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Ensure formal bank reconciliations are prepared on a monthly basis.
- D. Investigate all old outstanding checks and either reissue the check or consult with legal counsel as to the appropriate disposition. In the future, outstanding checks should be investigated and resolved on a periodic basis.
- E. Prepare accurate monthly listings of liabilities and reconcile the listings to book and bank balances.
- F. Ensure all cases are processed and monies are distributed on a timely basis.
- G. Ensure fees are turned over on a monthly basis.
- H. Ensure the depository bank pledges adequate securities at all times in accordance with state law.
- I. Deposit and account for the sources and uses of all interest monies and, if necessary, consider depositing all interest monies into one account.

Status:

- A. Not implemented. Although duties are not adequately segregated, all employees may receive monies and perform bank reconciliations. The Circuit Clerk indicated she reviews bank reconciliations; however, the review is not documented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. Child Support monies received are deposited on a timely basis; however, monies received for circuit court fees are not. See MAR No. 1.
- C. Partially implemented. Bank reconciliations are being performed monthly for the fee account. However, as of December 1998, bank reconciliations had not been performed for the child support account since August 1998. See MAR No. 1.

D-F,  
& H. Not implemented. See MAR No. 1.

G&I. Implemented.

2. County Expenditures

- A. Bids were not always solicited, nor was bid documentation always retained, for various purchases made by the county during the audit period.

- D. Distributions were made to various not-for-profit corporations and political subdivisions without monitoring the expenditures of the monies. In addition, written agreements were not always obtained.
- E. The Prosecuting Attorney maintained an office outside the county courthouse which was used to conduct county business and operate a private law practice. The county paid 100 percent of all rent and utilities (excluding telephone) expense but did not have a written agreement with the Prosecuting Attorney regarding the share of office expenses the county should pay.
- F. The supervisor of the road and bridge department was provided a county-owned vehicle which he also used for commuting purposes. There was no written policy allowing the use of this vehicle for commuting purposes nor were detailed logs which distinguished between business and personal usage maintained. In addition, the personal use of the vehicle was not reported as fringe benefits on the individual's W-2, as required by the IRS.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- D. Ensure distributions to NFPs and political subdivisions and disbursements for services are made pursuant to a written contract which specifically states the benefits to be received by both parties. All expenditures should be monitored for compliance with the terms of the contract.
- E. Establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.
- F. Comply with IRS guidelines for reporting fringe benefits related to county-owned vehicles. In addition, the county should establish a written policy regarding the appropriate use of county vehicles for commuting purposes.

Status:

- A. Not implemented. See MAR No. 2.
- D. Implemented.
- E. Not implemented. See MAR No. 5.

- F. Not implemented. The County Commission considers the road supervisor to be on call 24 hours per day. Although not repeated in the current report, our recommendation remains as stated above.

3. Budgetary Practices

- A. Budgets were not prepared for some funds for the years ended December 31, 1996, 1995, and 1994.
- B. The annual published financial statements of the county did not include the financial activity of some county funds as required.
- C. Deficiencies were noted in the information presented in the budgets prepared by the County Clerk and approved by the County Commission.

Recommendation:

- A. The County Commission ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. The County Commission and County Clerk ensure budget documents are accurate and complete.

Status:

Not implemented. See MAR No. 3.

4. Assessment Fund

At December 31, 1996, \$73,818 was due to various taxing authorities (primarily school districts) from the Assessment Fund and \$145,066 was due from the General Revenue Fund to the Assessment Fund.

Recommendation:

The County Commission authorize the payment of \$73,818 from the Assessment Fund to the various taxing authorities and the transfer of \$145,066 from the General Revenue Fund to the Assessment Fund. If the County Commission does not intend to make the payment and transfer, it should be clearly documented in the County Commission minutes along with justification for not doing so.

Status:

Partially implemented. Assessment Fund expenditures of \$16,520 and \$36,438 were paid from the General Revenue Fund during 1998 and 1997, respectively, and \$107,334 was transferred from the Local Use Tax Fund to the Assessment Fund in January 1999; however,



the county has not paid the \$73,818 to the various taxing authorities. Although not repeated in the current report, we continue to recommend the County Commission authorize the payment of \$73,818 from the Assessment Fund to the various taxing authorities.

5. Railroad and Utility Tax Distributions

The County Clerk did not correctly apportion 1994 railroad and utility tax collections to the various school districts.

Recommendation:

The County Clerk adjust future railroad and utility tax distributions for the amounts due to (from) the various school districts and use the proper percentages in computing future distributions.

Status:

Implemented.

6. General Fixed Asset Records and Procedures

- A. County-owned assets purchased throughout the year which were not located at the Palmyra Courthouse were not tagged until a physical inventory was performed. In addition, general fixed asset items purchased with monies from the various officials' interest funds were not always recorded in the general fixed asset records.
- B. The County Commission's approval for the disposal of fixed assets was not always documented.

Recommendation:

- A. The County Clerk request that the various other county officials submit copies of invoices when equipment items are purchased from funds outside the control of the County Treasurer. These property items should then be recorded on the general fixed asset records as county property.
- B. The County Commission ensure approval of all property dispositions is properly documented.

Status:

- A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. When County Clerk personnel are informed of dispositions by elected officials, it is brought to the attention of the County Commission who determines the method of disposal. The County Clerk indicated the method of disposition is then documented in the general fixed asset records.

7. Circuit Clerk, District 1 (Palmyra) and Ex Officio Recorder of Deeds Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Formal monthly bank reconciliations were not prepared for the Circuit Clerk fee account and a cash balance was not maintained.
- C. The Circuit Clerk's office open items listing was not reconciled to book balances.
- D. The Circuit Clerk's fee account had seven checks totaling \$204 which were outstanding for at least three years. In addition, the Circuit Clerk's child support account had eight checks totaling \$875 which were outstanding for over one year.
- E. Criminal costs paid out exceeded the amount received from the state by \$1,628 in 1991. Monies were not withheld from criminal cost distributions to correct the overpayment.

Recommendation:

- A. The Circuit Clerk, District 1 (Palmyra) and Ex Officio Recorder of Deeds provide for adequate segregation of duties and the performance of independent reconciliations and reviews of accounting records.
- B. The Circuit Clerk maintain a cash balance and reconcile to the bank account on a monthly basis. Any differences should be investigated and resolved.
- C. The Circuit Clerk reconcile the listing of liabilities to the cash balance on a monthly basis.
- D. The Circuit Clerk investigate all old outstanding checks and either reissue the checks or consult with legal counsel as to the appropriate disposition. In the future, outstanding checks should be investigated and resolved on a periodic basis.
- E. The Circuit Clerk withhold \$1,628 from future criminal cost distributions to correct the overpayment noted above.

Status:

- A. Partially implemented. Although duties are not adequately segregated, bank reconciliations are reviewed and initialed by an independent employee. Although not repeated in the current report, our recommendation remains as stated above.
- B&C. Implemented.
- D. Not implemented. The fee account continues to have outstanding checks dating back to 1993, and the child support account has outstanding checks that date back to 1994. Although not repeated in the current report, our recommendation remains as stated above.

- E. Not implemented. We could not find any evidence that a correction had been made. Although not repeated in the current report, our recommendation remains as stated above.

8. Associate Circuit Division, District 1(Palmyra) Unclaimed Monies

The bond account contained \$7,663 in bond monies which were more than five years old. In addition, at December 31, 1996, the general account had \$506 in outstanding checks that were over one year old.

Recommendation:

The Associate Circuit Judge authorize \$7,663 in bond monies be turned over to the State Treasurer for deposit to the Abandoned Funds Account. In addition, old outstanding checks should be investigated to see if the payee can be located and, if possible, reissue the check. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

9. Associate Circuit Division, District 2 (Hannibal) Accounting Controls and Procedures

- A. The December 31, 1996, listing of open items exceeded the reconciled bank balance by \$2,103.
- B. The Associate Circuit Division, District 2, open items listing included \$886 related to 73 cases which were five to twelve years old. In addition, 28 checks totaling \$302 were outstanding for more than one year.

Recommendation:

The Associate Circuit Judge:

- A. Require a detailed monthly listing of open items be prepared on a timely basis and periodically reconciled to the cash balance. Any unidentified differences should be investigated and resolved on a timely basis.
- B. Establish procedures to follow up and properly dispose of open items and resolve old outstanding checks in a timely manner, including disbursing unclaimed amounts in accordance with state law.

Status:

- A. Not implemented. See MAR No. 9.

- B. Implemented.
10. Sheriff Accounting Controls and Procedures
- A. Accounting duties were not adequately segregated.
- B. Receipts were not always recorded immediately upon receipt.
- C. The Sheriff maintained a cash fund at the Sheriff's office and the jail. A comparison of the cash fund ledger to a count of cash fund monies revealed at least \$461 was unaccounted for.
- D. The total amount of prisoner monies in the Sheriff's commissary checking account was not reconciled to the individual prisoner balances.

Recommendation:

The Sheriff:

- A. Provide for adequate segregation of duties and the performance of independent reconciliations and reviews of accounting records.
- B. Ensure all receipts are recorded immediately upon receipt. In addition, \$630 should be turned over to the County Treasurer.
- C. Investigate the \$461 that was unaccounted for as of May 28, 1997 and pursue recovery. In addition, any monies remaining in the cash fund should be turned over to the County Treasurer for deposit into the General Revenue Fund. If a petty cash fund is deemed necessary, it should be maintained on an imprest basis and expended only for official business. Supporting documentation should be maintained for all expenditures.
- D. Reconcile the individual prisoner balances to the total amount of prisoner monies in the account.

Status:

- A. Partially implemented. Accounting duties are not adequately segregated; however, the Sheriff reviews deposits and bank reconciliations and signs all checks. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.
- C. Partially implemented. Supporting documentation is maintained for expenditures; however, the monies that were previously unaccounted for have not been recovered and the petty cash fund is not maintained on an imprest basis. Although not repeated in the current report, our recommendation remains as stated above.
- D. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

11. Public Administrator Accounting Controls and Procedures

- A. Some settlements did not include all estate assets, such as real property, burial plans, and accrued interest from certificates of deposit.
- B. There were numerous instances in which settlements were not filed timely.
- C. Checks written to care facilities were for less than the invoiced amount. In addition, in one case there were seven payments to a care facility for which supporting documentation was either not received or maintained.

Recommendation:

- A. The Associate Circuit Judge require the Public Administrator to file complete and accurate settlements and inventories.
- B. The Associate Circuit Judge continue to monitor the timeliness of cases turned over by the former Public Administrator.
- C. The Public Administrator pay vendor invoices for the amount of the invoice. If the Public Administrator pays less than the invoice amount, the reasons should be documented. In addition, supporting documentation should be maintained for all disbursements.

Status:

Implemented.

12. County Health Center

- A. Health center employees were required to maintain time sheets; however, the time sheets were not approved by the employees' supervisor.
- B. Budgets did not include actual receipts and disbursements from the two previous years.
- C. Actual expenditures exceeded approved budgeted expenditures by \$44,281, \$33,299, and \$15,792, for the years ended December 31, 1996, 1995, and 1994, respectively.

Recommendation:

The health center Board of Trustees:

- A. Ensure employee time sheets are approved by the employees' supervisor.
- B. Ensure the budget documents are accurate and present complete information.

- C. Refrain from incurring expenditures in excess of budgeted amounts. If it becomes necessary to incur expenditures in excess of the approved budget, the circumstances should be fully documented and the budget properly amended prior to incurring the expenditures.

Status:

- A. Not implemented. The health center Administrator indicated that a review of time sheets is performed; however, that review is not documented. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented.

13. County Collector Deposits

Receipts were not always deposited intact. In addition, tax collections were sometimes used to cash checks for county officials/employees.

Recommendation:

The County Collector deposit all monies received intact daily. If a change fund is needed, it should be maintained at an established set amount. In addition, the practice of using receipts to cash checks for county employees should be discontinued.

Status:

Partially implemented. County Collector personnel indicated checks were no longer cashed for county employees; however, monies received were not deposited intact daily. The County Collector generally withheld monies from the deposit to have funds to provide change and to divide monies received between various bank accounts. The new County Collector indicated he is going to deposit monies intact. Although not repeated in the current report, our recommendation remains as stated above.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information



# MARION COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1826, the county of Marion was named after Francis Marion of the Revolution. Marion County is a county-organized, third-class county and is part of the Tenth Judicial Circuit. The county seat is Palmyra.

Marion County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Marion County received its money in 1998 and 1997 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 625,339	15	475,045	13
Sales taxes	1,389,092	34	1,338,856	34
Federal and state aid	1,212,000	29	1,217,596	31
Fees, interest, and other	894,527	22	873,953	22
Total	\$ 4,120,958	100	3,905,450	100

The following chart shows how Marion County spent monies in 1998 and 1997 from the General Revenue and Special Road and Bridge Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,091,008	27	1,103,341	28
Public safety	1,904,508	47	1,791,620	46
Highways and roads	1,054,665	26	1,012,356	26
Total	\$ 4,050,181	100	3,907,317	100

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In addition, significant sales tax receipts and capital improvement expenses are accounted for in the Capital Improvement Sales Tax Fund. Receipts of the Capital Improvement Sales Tax

Fund were \$1,470,407 and \$1,617,228 and disbursements were \$1,526,706 and \$1,239,564 for the years ended December 31, 1998 and 1997, respectively.

The county maintains approximately 93 county bridges and 500 miles of county roads.

The county's population was 28,121 in 1970 and 27,682 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1998	1997	1985*	1980**	1970**
		(in millions)				
Real estate	\$	133.9	129.9	88.3	76.1	41.9
Personal property		73.2	63.4	24.8	13.6	9.5
Railroad and utilities		14.7	14.1	8.7	8.8	7.2
Total	\$	221.8	207.4	121.8	98.5	58.6

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Marion County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		1998	1997
General Revenue Fund	\$	.02	.02
Special Road and Bridge Fund		.30	.27
Health Center Fund		.15	.15
Senate Bill 40 Board Fund		.14	.14

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Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		1999	1998
State of Missouri	\$	66,393	63,987
General Revenue Fund		60,427	51,590
Special Road and Bridge Fund		637,241	553,301
Assessment Fund		106,181	101,192
Health Center Fund		315,237	303,424
Senate Bill 40 Board Fund		294,038	282,167
School districts		7,030,269	6,751,616
Nursing home districts		328,410	316,543
Ambulance district		519,782	500,026
Cities		112,848	136,035
Special Districts		271,119	269,240
County Clerk		3,401	3,693
County Employees' Retirement		44,903	46,156
Other		284	202

Commissions and fees:		
County Collector	6,723	7,147
General Revenue Fund	250,391	238,902
Total	\$ <u>10,047,647</u>	<u>9,625,221</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	1999	1998
Real estate	94.1 %	93.4 %
Personal property	85.9	92.2
Railroad and utilities	75.2	99.9

Marion County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	50.0
Capital improvements	0.005	2004	None
Veterans road project	0.0025	2002	None

::

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	1999	1998	1997
County-Paid Officials:			
Lyndon Bode, Presiding Commissioner	\$	20,000	20,000
William Richmond, Associate Commissioner		20,000	20,000
Kenny Meyers, Associate Commissioner		20,000	9,769
Brock Phillips, Associate Commissioner			8,077
Robert J. Ravenscraft, County Clerk		31,500	31,500
Thomas Redington, Prosecuting Attorney		37,000	37,000
Daniel Cambell, Sheriff		49,920	49,920
F. Jean Buckman, County Treasurer		21,590	21,590
Peggy Porter, County Coroner		9,600	9,600
Gayle Viorel, Public Administrator *		36,532	8,945
Lester L. Peters, County Collector**, year ended February 28,	45,858	47,311	
Carl Zupan, County Assessor , year ended August 31,***		43,463	33,800
Harold Crane, County Surveyor ****			

\* Includes fees received from probate cases.

\*\* Includes compensation of \$6,723 and \$7,147, respectively, from drainage districts for the years ended February 28, 1999 and 1998. Salary reduced during the year ended February 28, 1999, for overpayments for previous years.

\*\*\* Includes \$900 annual compensation received from the state.

\*\*\*\* Compensation on a fee basis.

State-Paid Officials:

John E. Yancy, Circuit Clerk and Ex Officio Recorder of Deeds	47,723	45,453
Carolyn Conners, Circuit Clerk, Division II	47,723	45,453
John J. Jackson, Associate Circuit Judge	85,158	81,792

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A breakdown of employees (excluding the elected officials) by office at December 31, 1998, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk, Division I and Ex Officio Recorder of Deeds ***	3	1.5
Circuit Clerk, Division II	0	4
County Clerk	4	0
Prosecuting Attorney *****	7	0
Sheriff *	31	0
Public Administrator	1	0
County Collector *	6	0
County Assessor *	8	0
Associate Division I ***	1	2
Associate Division II ***	1	2
Probate Division	0	1
Road and Bridge	23	0
Health Center **	30	0
Emergency Preparedness	3	0
Palmyra Courthouse	1	0
Planning and Zoning ***	1	0
Capital Improvements	3	0
Emergency Telephone Service (E-911) ***	12	0
Total	<u>135</u>	<u>11</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Marion County's share of the tenth Judicial Circuit's expenses is 61.16 percent.

\* Includes 2 part-time employees.

\*\* Includes 5 part-time employees.

\*\*\* Includes 1 part-time employee.

\*\*\*\* Assistant Prosecuting Attorney is part-time.

The health center Board of Trustees entered into a lease agreement with the Farmers and Merchants Bank on December 19, 1995. The terms of the agreement called for Farmers and Merchants Bank to pay for the construction of the health center building and then lease the building to the health center for payments totaling the principal and interest due on the lease. The lease is scheduled to be paid off in 2005. The remaining principal and interest due on the lease at December 31, 1998, was \$476,439 and \$15,674, respectively.

The County entered into a lease agreement with Mark Twain Bank on May 15, 1995. The terms of the

agreement called for the bank to issue bonds of \$3,695,000 to refund the series 1990 bonds used to construct the new jail and for the bank to lease the jail back to the county for the payments totaling the principal and interest due on the outstanding bonds. Payments are made from the Capital Improvements Sales Tax Fund from sales tax revenues. The bonds are scheduled to be paid off in 2003. The remaining principal and interest due on the bonds at December 31, 1998, was \$2,345,000 and \$362,880, respectively.